



DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

MC:4929CHI Simpson

230 South Dearborn Street

Chicago, IL 60604

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Number: **200903090**

Release Date: 1/16/2009

October 21, 2008

LEGEND

UIL:501.03-01

ORG = Organization name

XX = date

Address = address

XYZ = State

ORG

Employer Identification #

ADDRESS

Person To Contact/ID#:

Taxpayer Advocate's Office,

And telephone Number:

CERTIFIED MAIL
TAX COURT:

LAST DATE TO FILE A PETITION IN

Dear :

This is a final adverse determination that you do not qualify for exemption from income tax under section 501(a) of the Internal Revenue Code (I.R.C.) as an organization described in I.R.C. § 501(c)(3). In addition, you do not qualify as an organization described in I.R.C. § 509(a)(3). Internal Revenue Service recognition of your status as an organization described in I.R.C. section 501(c)(3) is revoked, effective January 1, 20XX. Our adverse determination is made for the following reason(s):

You have not established you operate exclusively for exempt purposes within the meaning of I.R.C. § 501(c)(3). Specific facts that contributed to this determination included: Your organization has not established that it is observing the conditions for continuation of its exempt status. In order to maintain exempt status, an organization must be operated exclusively for an exempt purpose. Information obtained from the XYZ Secretary of State indicates that your organization has been administratively dissolved, is not currently operating for an exempt purpose, and has been inactive since October of 20XX.

Contributions made to you are no longer deductible as charitable contributions by donors for purposes of computing taxable income for federal income tax purposes. See Rev. Proc. 82-39 1982-2 C.B. 759, for the rules concerning the deduction of contributions made to you between January 1, 20XX and the date a public announcement, such as publication in the Internal Revenue Bulletin, is made stating that contributions to you are no longer deductible.

You are required to file income tax returns on Form 1120 for all years beginning after January 1, 20XX. Returns for the years ending December 31, 20XX, December 20XX,

December 31, 20XX, must be filed with this office within 60 days from the date of this letter, unless a request for an extension of time is granted. Send such returns to the following address:

Tax returns for subsequent years are to be filed with the appropriate Campus identified in the instructions for those returns.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the District Court of the United States for the District of Columbia, The United States Court of Federal Claims, or The United States Tax Court, before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. You may write to the Tax Court at the following address:

The processing of income tax returns and assessment of any taxes due will not be delayed because a petition for declaratory judgment has been filed under I.R.C. section 7428.

If you have questions about this letter, please write to the person whose name and address are shown on this letter. If you write, please attach a copy of this letter to help identify your account. Keep a copy for your records. Also, please include your telephone number and the most convenient time for us to call, so we can contact you if we need additional information.

You also have the right to contact the office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above, since this person can access your tax information and can help you get answers. Or you can contact the Taxpayer Advocate office located nearest you at the address and telephone number shown in the heading of this letter.

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate, can, however, see that a tax matter, that may not have been resolved through normal channels, gets prompt and proper handling.

We will notify the appropriate State officials of this action, as required by I.R.C. section 6104(c).

This is a final revocation letter.

Sincerely,

Vicki L. Hansen, Acting,
Director, EO Examinations

Enclosures;
Pub. 892

Internal Revenue Service

Department of the Treasury
TE/GE Exempt Organizations Examinations
1220 SW Third Avenue M/S O540
Portland, Oregon 97204

Date: November 14, 2006

ORG
ADDRESS

Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

Certified Mail - Return Receipt Requested

Dear :

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Marsha A. Ramirez
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS	Schedule number or exhibit
Name of taxpayer ORG	Tax Identification Number	Year/Period ended December 31, 20XX

LEGEND

ORG = Organization name XX = Date XYZ = State Address = address City = city
 President = president

Issue:

Whether ORG qualifies for exemption under Section 501(c)(3) of the Internal Revenue Code (Code).

Facts:

ORG (), EIN, was recognized as an organization exempt under Section 501(c)(3) of the Code in May 19XX. According to the Articles of Incorporation, was incorporated on April 19, 19XX. Additionally, the XYZ Secretary of State's website provides that the organization was administratively dissolved on October 3, 20XX. XYZ Revised Statutes §65.654 provides that a corporation administratively dissolved may apply to the Secretary of State for reinstatement within five years from the date of dissolution.

The Internal Revenue Service's (IRS) records show that has not filed a Form 990 since the tax period ended December 31, 20XX.

On March 29, 20XX, Letter 3606 was sent to the and last known President. The letter was to set up the initial appointment and included an Information Document Request (IDR) requesting specific documents from the organization. The letter provided that the appointment would be May 3 and 4, 20XX at Address, City, XYZ. The address is the last known address on file with the IRS for the organization. The letter was returned to the agent as not deliverable. No response was received from President. The agent went to the above address on May 3, 20XX; however the organization no longer exists at that address and President was not there.

On May 3, 20XX, Letter 3606 was sent to and President via certified mail. The letter requested that attend an appointment on June 2, 20XX at the IRS office. The letter addressed to was returned as undeliverable. On May 5, 20XX, the return receipt was received for the Letter 3606 which was sent to President. The receipt was dated May 4, 20XX and provided that the Letter was received by President.

On May 18, 20XX, a phone call was received from President. He provided that had discontinued operations in 20XX and had filed Articles of Dissolution with the State of XYZ. He also provided that the assets of the organization were donated to another nonprofit organization. The agent requested that he provide a copy of the Articles of Dissolution and a written statement which provides a list of assets and how those assets were disposed of. Letter 3606 and an IDR were sent to President requesting the above information to be returned by June 19, 20XX. No response has been received from this request to date.

On August 7, 20XX, the examiner sent, by certified mail, a written notice (the demand letter) to the Exempt Organization requesting the Form 990 for the tax period ending December 31, 20XX to be filed with the Area Office within 90 days of the date of the demand letter. The letter was sent to President's address since previous correspondence sent to the organization's address on file with the IRS has been returned as undeliverable. The demand letter informed the Exempt Organization of the \$ per day (\$ per day for organizations having gross receipts exceeding \$ for the subject tax year) penalty imposed by I.R.C. section 6652(c)(1) and solicited a written statement explaining the cause for late filing. Because the Exempt Organization is exempt under I.R.C. section 501(a) and the Form 990 is required by I.R.C. section 6043(b), the demand letter also notified the Exempt Organization that if it fails, without

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ORG		December 31, 20XX	

reasonable cause, to file the Form 990, its exempt status will be revoked because it failed to establish it is observing the conditions required for continuation of exempt status.

On November 14, 20XX, the examiner visited the XYZ Secretary of State's website to determine if Articles of Dissolution had been filed by the organization yet. According to the website, the organization has still not filed Articles of Dissolution and the status of the organization is administratively dissolved.

Law:

Internal Revenue Code

Section 501(c)(3) of the Code exempts from federal income tax corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Section 6001 of the Code provides that every person liable for any tax imposed by the Code, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

Section 6033(a)(1) of the Code provides, except as provided in section 6033(a)(2), every organization exempt from tax under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts and disbursements, and such other information for the purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Section 6043(b) of the Code provides that every organization which for any of its last 5 taxable years preceding its liquidation, dissolution, termination, or substantial contraction was exempt from taxation under section 501(a) shall file such return and other information with respect to such liquidation, dissolution, termination, or substantial contraction as the Secretary shall by forms or regulations prescribe.

Income Tax Regulations (regulations)

Section 1.501(c)(3)-1(b)(4) of the regulations provide that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization's assets will be considered dedicated to an exempt purpose, for example, if, upon dissolution, such assets would, by reason of a provision in the organization's articles or by operation of law, be distributed for one or more exempt purposes, or to the Federal government, or to a State or local government, for a public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of the court will best accomplish the general purposes for which the dissolved organization was organized. However, an organization does not meet the organizational test if its articles or the law of the

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State in which it was created provide that its assets would, upon dissolution, be distributed to its members or shareholders.

Section 1.6001-1(a) of the regulations in conjunction with section 1.6001-1(c) provides that every organization exempt from tax under section 501(a) of the Code and subject to the tax imposed by section 511 on its unrelated business income must keep such permanent books or accounts or records, including inventories, as are sufficient to establish the amount of gross income, deduction, credits, or other matters required to be shown by such person in any return of such tax. Such organization shall also keep such books and records as are required to substantiate the information required by section 6033.

Section 1.6001-1(e) of the regulations states that the books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Section 1.6033-1(h)(2) of the regulations provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purpose of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (section 501 and the following), chapter 1 of the Code and section 6033.

Section §1.6033-2(i)(1) of the regulations provides that an organization which is exempt from taxation under section 501(a) and is not required to file annually an information return required by this section shall immediately notify in writing the district director for the internal revenue district in which its principal office is located of any changes in its character, operations, or purpose for which it was originally created.

Section §1.6033-2(i)(2) of the regulations provides that every organization which is exempt from tax, whether or not it is required to file an annual information return, shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status and administering the provisions of subchapter F (section 501 and following), chapter 1 of subtitle A of the Code, section 6033, and chapter 42 of subtitle D of the Code.

Section §1.6033-2(i)(3) of the regulations provides that an organization which has established its exemption from taxation under section 501(a), including an organization which is relieved under section 6033 and this section from filing annual returns of information, is not relieved of the duty of filing other returns of information.

Revenue Rulings

Rev. Rul. 59-95, 1959-1 C.B. 627, concerns an exempt organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions of section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status.

In accordance with the above cited provisions of the Code and regulations under sections 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting

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requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

Taxpayer's Position:

was sent a letter dated August 7, 20XX requesting that they file a Form 990 for the tax period ended December 31, 20XX. No response has been received from the taxpayer regarding the above stated letter.

Government's Position:

In accordance with Sections 6001 and 6003 of the Code and Regulations, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax. Additionally these requirements provide that an organization must submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status and administering the provisions of subchapter F (section 501 and following), chapter 1 of subtitle A of the Code, section 6033, and chapter 42 of subtitle D of the Code.

has not filed Form 990 for the tax period ended December 31, 20XX as required under section 6033 of the Code. Additionally, the organization has not provided adequate records to show that they have complied with sections 6001 and 6033 of the Code and regulations. Requests for records were made to and President on March 29, 20XX, May 3, 20XX, May 18, 20XX and August 7, 20XX. No documentation has been received to date which fulfills these requests.

Additionally, the organization has not provided the IRS with specific information regarding dissolution as required under section 6043(b) of the Code. To qualify for exemption under Section 501(c)(3) of the Code and section 1.501(c)(3)-1(b)(4) of the regulations, the organization's assets must be dedicated to an exempt purpose. has not provided sufficient documentation to show that their assets have been distributed for an exempt purpose.

Conclusion:

It is the government's position that failed to meet the requirements under sections 6001 and 6033 to be recognized as exempt from federal income tax under 501(c)(3) of the Internal Revenue Code. Accordingly, the organization's exempt status is revoked effective January 1, 20XX.

Form 1120 returns should be filed for all tax periods after January 1, 20XX.